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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEB 18 2000

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: CC Docket 99-333

In the Matter of Joint Applications)
for Consent to Transfer Control)
Filed by MCI WorldCom, Inc.)
and Sprint Corporation)

Comments of The American Federation of Labor
and Congress of Industrial Organizations

Dated: February 18, 2000

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List A B C D E

These are the comments submitted by the American Federation of Labor and Congress of Industrial Organizations (“AFL-CIO”), filed in response to the joint application by MCI WorldCom, Inc. (“MCI WorldCom”) and Sprint Corporation (“Sprint”), pursuant to Sections 214 and 310(d) of the Communications Act of 1934, as amended, to transfer control of Sprint’s Title II and Title III authorizations and licenses to MCI WorldCom, Inc.

The AFL-CIO is a federation of national and international unions representing 13 million working people and their families. Our members are consumers of telecommunications services, as well as participants in an economy whose growth is increasingly dependent on reliable, economical data transmission.

Like most of us, the AFL-CIO, its member unions, and their members and their families have become increasingly concerned with developments affecting affordable access to the Internet. We believe slightly more than a third of our membership already has Internet access currently, and that number is growing quickly. The AFL-CIO and its member unions have just launched a major program, Workingfamilies.com, designed to provide affordable computers and Internet access to working families.

Millions of our members have particular job-related concerns regarding the development of effective telecommunications systems. In addition to approximately 1,000,000 members working directly in the telecommunications industry, our members include teachers who

increasingly must have affordable access to the Internet and firefighters who depend on universal access to telecommunications services.

We believe the MCI WorldCom - Sprint merger poses serious dangers to both the access of our members and working people generally to affordable Internet services, and to the health and future growth of America's telecommunications system more generally.

Earlier this week, the AFL-CIO's Executive Council, composed of the leadership of the AFL-CIO's member unions, meeting in New Orleans, adopted the attached resolution on the MCI WorldCom - Sprint merger. The resolution calls the merger "damaging and harmful" and urges the labor movement in the United States and worldwide to oppose the transaction.

Specifically, the merger is anti-competitive for the following reasons:

- The merger would create a duopoly in long distance. The merged entity would control 37% of the domestic long distance market, with AT&T controlling 43%, and the remaining market share fragmented among a number of small players, each with less than 5% of the market. The Communications Workers of America estimate this would result in an increase in the Herfindahl-Hirschman Index used by the Department of Justice to measure industry concentration for anti-trust purposes in excess of 500 points in an already concentrated market.

- The merger would create an effective monopoly in the Internet backbone worldwide. The European Commission has estimated MCI WorldCom's backbone currently carries over 50% of the world's Internet traffic, and that Sprint's backbone currently carries 18%. There is no effective remedy for this concentration.
- The merger does not address Sprint's recent record of disinvesting from its local telephone businesses. In a recent survey, J.D. Power and Associates found Sprint's local service ranked second to last among 14 providers in customer satisfaction, and FCC reports indicate in states such as North Carolina this trend is worsening. Nonetheless, Sprint's local telephone service is its most profitable operating unit, and we believe cash generated by this business has been used to finance operations in other areas while local service deteriorates.

The AFL-CIO made many of these same points to the Commission at the time of the MCI WorldCom merger, as did many other organizations and companies. The FCC responded by requiring MCI to divest its Internet assets as a precondition to the merger. It appears from the litigation that has since occurred between the purchaser of those assets, Cable & Wireless, and MCI WorldCom, that MCI WorldCom may have arranged the transfer of those assets to effectively prevent Cable and Wireless from being a viable competitor to MCI WorldCom in the Internet market.

The Commission should conduct an inquiry into the events surrounding MCI WorldCom's compliance or lack thereof with the conditions imposed by the Commission at the time of the merger approval prior to any further proceedings on this latest merger application. At the least, we believe the Commission should conclude from this experience that in a telecommunications marketplace where Internet and other services are bundled, divesting discrete Internet businesses does not resolve problems of monopoly power.

In closing, at the time of the MCI WorldCom merger, FCC Chairman William Kennard stated, "[o]nce this merger is consummated, the industry will again be poised just a merger away from undue concentration . . . I dare say that any subsequent merger of this or similar magnitude between long-distance firms in the near future should be judged quite differently than the merger before us today."

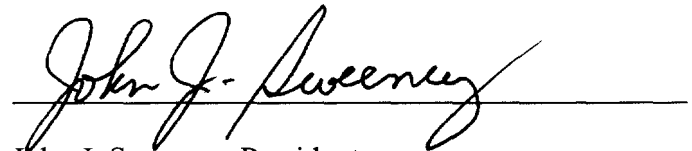
Now, we are in the near future. What has changed? The Internet is more important in a way that was not imaginable even in 1998. MCI WorldCom's good faith has been tested and found lacking. And undue concentration stares us in the face.

The AFL-CIO believes Chairman Kennard was correct when he stated in November, 1999, that "this merger appears to be a surrender. How can this be good for consumers? The parties will bear a heavy burden to show how consumers would be better off." And we believe that the parties have not even begun to meet that burden.

In conclusion, this merger represents not the dream of open competition, but the nightmare of unregulated monopoly, and in a market that appears to be fast becoming the market of markets.

Thank you for this opportunity to make our views known. The AFL-CIO and the labor movement as a whole is prepared to be of assistance to the Commission as it further considers this matter.

Respectfully submitted,

A handwritten signature in black ink, reading "John J. Sweeney", is written over a horizontal line.

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MCI WORLDCOM/SPRINT

The proposed merger of MCI WorldCom and Sprint will create a \$129 billion monopoly in the communications industry goliath focused on profitable big business services, while ignoring the needs of residential and small business consumers and unionized workers in the telecommunications industry.

MCI WorldCom has already demonstrated a disregard for the importance of providing telecommunications services to homes and smaller businesses. Sprint has allowed its local telephone operations in 18 states to deteriorate as it diverts resources to finance networks serving corporate clients. These practices pose a particular threat to working families and low-income neighborhoods whose access to affordable communications and advanced telecommunications services could be seriously diminished.

If the MCI WorldCom/Sprint merger proceeds, this acquisition would combine the second and third largest long distance companies in an already highly concentrated market. By reducing competition in the long distance market from the Big Three to the Big Two, the proposed merger would lead to higher rates in long distance service.

The proposed merger of MCI WorldCom and Sprint would also result in the company controlling more than 50 percent of the Internet backbone, creating the potential for higher prices, and discriminatory access policies that could curtail consumers' access and use of this growing and global communications link.

Last year, the U.S. Department of Justice and the European Commission required MCI to divest itself of its Internet business as a condition for approval of the MCI WorldCom merger. MCI WorldCom violated the terms of that agreement. It appears that an Internet divestiture will not resolve the anti-competitive problems that would result from this proposed merger.

Clearly, this merger would violate the pro-competitive intent of the Telecommunications Act of 1996. Federal Communications Commission Chairman William Kennard has called it a "surrender" in the price war in the long distance market.

The combination of these two companies would also likely lead to significant job loss. MCI WorldCom laid off several thousand employees after that merger. Job loss will be far higher if this merger takes place, since it would reduce from two separate telecommunications networks into one.

Based on the potential for major negative impacts on consumers, telecommunications workers and their families, the AFL-CIO opposes the proposed merger of MCI WorldCom and Sprint.

We will speak up vigorously in opposition to this damaging and harmful merger in our communications with Congress and before all appropriate federal and state government departments, agencies and commissions.

We will work in concert with other labor groups at the international level in efforts to stop this harmful merger.

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